

BearBull Private Banking Investment Strategies Saudi

USD

+5.12% to +9.63%
Annualized return since 2016

BearBull exclusivity since 2016

May 2022

The widespread negative trend impacted the KSA strategies as well

NEGATIVE PERFORMANCES FOR THE BEARBULL SAUDI PRIVATE BANKING INVESTMENT STRATEGIES IN MAY

BearBull Saudi PB Investment Strategy	« Low Risk »	May	-0.86%	Year-to-Date	+0.89%
BearBull Saudi PB Investment Strategy	« Moderate Risk »	May	-0.99%	Year-to-Date	+2.54%
BearBull Saudi PB Investment Strategy	« Dynamic Risk »	May	-1.12%	Year-to-Date	+4.19%

Comments (performances in USD)

All three Bearbull Kingdom of Saudi Arabia strategies fell back into negative territory in May after two consecutive months of increases. The low-risk strategy fell by -0.86% while the moderate-risk strategy performed slightly worse, losing -0.99%. The dynamic risk approach performed the worst, losing -1.12%. However, the three strategies are still in the green in YTD terms (+0.89%, +2.54%, and +4.19% respectively). The bond markets are in the red once again in May. The domestic segment is down again (-0.48%) and has accumulated a loss of -3.99% since January. The international segment did slightly better, losing only -0.17%, but it too has been in negative territory since the beginning of the year. The equity markets are on either side of neutral performance, with the domestic segment experiencing a sharp correction of -6.22%, interrupting a strong upward trajectory since the beginning of the year. Nevertheless, the sector still posted exceptional gains of +30.52% YTD. The international segment managed to move into positive territory in May thanks to the end-of-month rally (+0.25%) and remains positive in YTD terms (+0.24%). The real estate market is in a difficult position in May. Indeed, the domestic segment is down again this month (-5.29%) and confirms the downward trend that started in April (-4.92%), the international segment follows the same path and corrects strongly by -7.46%. Commodities are unsurprisingly once again at the top of the table (+5.74%), with the sector still supported by the war in Ukraine and the ensuing energy crisis. The segment has made an exceptional gain of +38.40% since the beginning of the year, which also puts it at the top of the YTD ranking. Private equity is back on track this month (+2.54%) after collapsing in April (-2.54%) but remains very negative since the beginning of the year (-23.28%).

Investment climate (performances in USD)

After the rebound of the equity markets in the last few days of May reversed the negative trend of the previous weeks and allowed most of the stock market strategies to record a slightly positive monthly close. The S&P500 index ended the month up by a small 0.18% after having fallen by -7.8% in the previous days. During the month, the interest rate markets also experienced significant volatility, with yields initially rising before easing at the end of the month. Ten-year US Treasury yields rose from 2.9% to 3.2% at the beginning of the period before falling back to 2.85%. The Fed's negative comments on inflation and its decision to raise rates a second time on May 4th by 0.5% influenced investor sentiment. Concerns that a monetary tightening cycle would intensify and accelerate to counter persistently high inflation were the main factor of uncertainty at the beginning of the month. Subsequently, signs of weakness in the US economy helped to adjust the outlook for interest rate hikes and reduce fears of overly aggressive monetary policies. In Europe, the ECB's cautious measures announcing a gradual change in policy were rather reassuring. On the geopolitical front, the war in Ukraine remained a source of tension for commodities, which rose again by +5.74%, led by the rise in energy prices (+9.9%). Oil (Brent) temporarily recovered to \$125 a barrel, while gold prices slipped by -3.1% with the first potential sign of a loss of momentum in US inflation, down slightly from 8.5% to 8.3% in April. Real estate investments fell by around -7.46% internationally and slightly less domestically (-5.29%), while private equity managed to remain positive (+2.54%). Equities may have reached their nadir after a drop of -31.4% for the Nasdaq and -20.9% for the S&P500, if lower inflation, signs of economic slowdown, and lower interest rate pressures materialize in June.

PERFORMANCES BY ASSET CLASS

MAY

+ 5.74%	Commodities
+ 2.54%	Private Equity
+ 0.25%	International Equities
- 0.17%	International Bonds
- 0.48%	Saudi Sukuk
- 5.29%	Saudi Real Estate
- 6.22%	Saudi Equities
- 7.46%	International Real Estate

YTD

+ 38.40%	Commodities
+ 30.52%	Saudi Equities
+ 0.24%	International Equities
- 2.74%	International Bonds
- 3.99%	Saudi Sukuk
- 9.01%	International Real Estate
- 10.52%	Saudi Real Estate
- 23.28%	Private Equity

COMMENTS BY ASSET CLASSES

Bonds

Expectations in the bond markets changed rapidly in May. Yield curves rose again as inflationary pressures continued, before falling as the growing risks of an economic slowdown were considered. Ten-year US Treasury yields initially rose by 30 bps to 3.2% before falling back to 2.9% at the end of the month. In Europe, inflationary pressures appear to be more acute, which has supported a more upward trend in yields above 1%. Yield spreads with USD and CHF rates have thus increased in favour of euro bonds. The spread between euro and Swiss franc 2-year yields reversed by 70 bps to 47 bps, the highest spread observed since the end of 2015.

Equities

Equity markets ended the month with one of the longest sequences of negative weekly performance in history. While investors have continued to pull back sharply from equity markets, the corresponding price declines had already been very significant for many companies, including many of those in the Nasdaq index, with corrections often exceeding -50%. Confidence is improving and investors seem to be more willing to take risks, reinforcing the likelihood that the low point of the last few days will indeed be a bottom for at least a few weeks. In the Kingdom of Saudi Arabia, the negative trend impacted the stock markets as well, the Saudi equities went down by -6.22% which interrupted their meteoric rise since January (+30.52% YTD).

Commodities

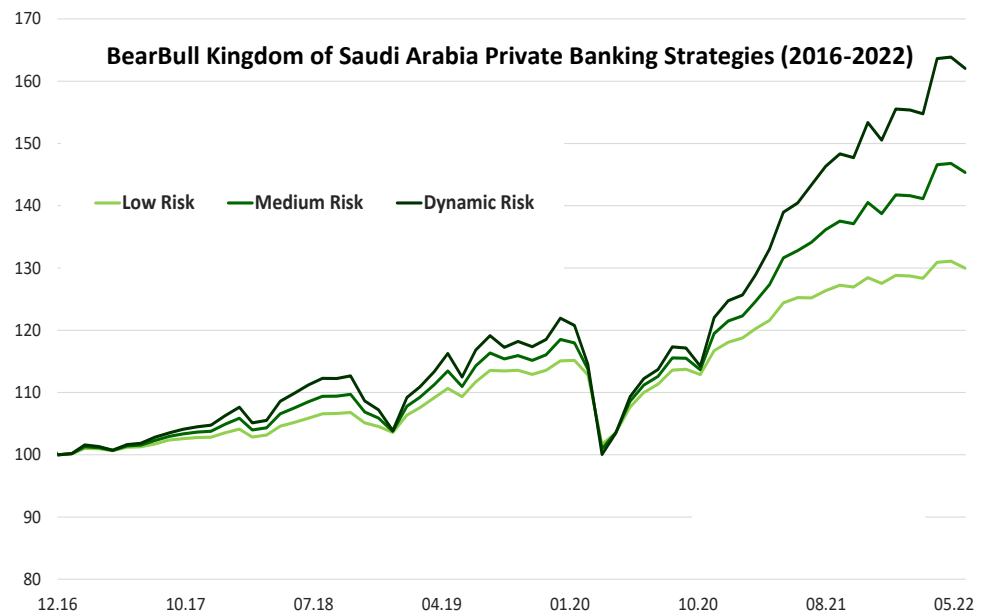
The commodities sector is the only asset class to continue a positive trajectory in 2022. The segment is still favoured by the European geopolitical situation and the ongoing war in Ukraine. Sanctions against Russia have stepped up again in May and a total embargo on Russian oil by the end of the year has been announced, raising fears of new tensions in the energy market. The segment recorded an exceptional gain of +38.40%, placing it ahead of other asset classes.

Real Estate

The sector did not benefit from the rebound at the end of the month and continues its negative trend. Indeed, international real estate suffered a strong correction, falling by -7.46% and continuing the negative trend that the segment started last month. The asset class has accumulated a loss of -9.01% since the beginning of the year in the context of rising interest rates which is lowering the yield on real estate. In the meantime, the domestic sector encountered a strong decline as well (-5.29%), which confirmed its negative trend that began in April (-4.92%). The asset class accumulated a negative performance of -10.52% since January.

BearBull KSA Private Banking Investment Strategies - Performances in USD										
	3 last months			YTD	Current year				Annualized	Perf.
	March 2022	March 2022	May 2022	current year	1st quarter	2nd quarter	3rd quarter	4th quarter	2021	2016 to this day
BearBull KSA PBIS "low risk" (65% fixed income)	2.01%	0.12%	-0.86%	1.77%	1.64%				9.10%	5.12%
BearBull KSA PBIS "medium risk" (45% fixed income)	3.86%	0.14%	-0.99%	3.57%	3.42%				16.68%	7.38%
BearBull KSA PBIS "dynamic risk" (25% fixed income)	5.72%	0.15%	-1.12%	5.36%	5.20%				24.70%	9.63%
Sub-indices										
Saudi Sukuk	-2.21%	-0.61%	-0.48%	-3.99%	-3.40%				-3.66%	-0.36%
International Bonds	0.11%	-1.17%	-0.17%	-2.74%	-1.59%				-0.64%	3.29%
Saudi Equities	5.51%	7.30%	-6.22%	30.52%	21.64%				45.80%	20.00%
International Equities	8.82%	-0.82%	0.25%	0.24%	1.07%				22.98%	8.78%
Saudi Real Estate	8.92%	-4.92%	-5.29%	-10.52%	-5.88%				20.21%	4.87%
International Real Estate	8.36%	-2.70%	-7.46%	-9.01%	-6.48%				44.31%	10.90%
Commodities	12.30%	4.55%	5.74%	38.40%	32.38%				38.77%	9.04%
Private Equity	1.89%	-13.19%	2.54%	-23.28%	-11.62%				51.44%	13.93%

Sources: Bloomberg, BearBull Global Investments Group



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The diversified systematic strategies of the BearBull Saudi Private Banking Investment Strategies have produced returns of +5.12 to +9.63% annualized since 2016 to date.

The composition of our strategies is available on request